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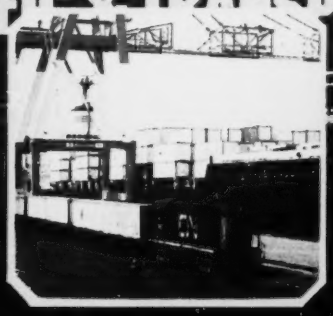

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MEGACARRIERS, PART TWO:

TURNING CHAINS INTO LINKS

STATE TAX UPDATE • CHOOSE YOUR BEST CARRIERS
JUST IN TIME FROM JAPAN

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VOL. 83, NO.4 APRIL 1984

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DIALOGUE

In January, we asked you about the regulation of hazardous materials in this country. Most responses painted a picture of a hydra–a many-headed monster that, whenever one head is cut off, would sprout two more. Here is how you described the monster:

"It's very confusing. There are too many agencies involved. And as strong as international regulations are, nobody pays any attention to them."—**Roberto Campo, export manager, Florasynta Inc., Teterboro, N.J.**

"The present DOT regulations are efficient, but the inconsistency of several states only creates chaos."—**Rick Rose, transportation manager–hazardous materials, IMC, Mundelein, Ill.**

"Industry must work to dispel the public's fear of chemicals with positive action, or we will continue to see the proliferation of state and local restrictions."—**R.A. Christman, director–distribution, Mobay Chemical Corp., Pittsburgh.**

"Uniform regulations uniformly enforced are key. Regulations (49 CFR) must be simplified, not made more complex."—**Dick Votaw, transportation safety and regulations manager, Dow Corning Corp., Midland, Mich.**

"We have too many governing bodies regulating hazardous materials; one department should control all phases of all movements."—**Charles Lahoski, distribution supervisor, Wellan Chemical Inc., Newell, Pa.**

"Regulations are too complicated; there are too many government jurisdictions involved; and they are too costly."—**Richard Campanella, manager of distribution, Lithonia Downlighting Products, Vermilion, Oh.**

"I think the overall regulation of hazardous material movements in this country is screwed up. There is no control or proof of competence required for hazardous materials shippers, exporters, carriers or forwarders. The regulations are too broad and too complicated. And there is no classing or grading of hazardous material shippers. The Dows and Du Ponts have knowledge of the regulations and train their staffs. But those regs also apply to small or new shippers who don't even know what a 49 CFR or IMDG Code is! We're expecting shoemakers to be brain surgeons."—**Ron Bohn, hazardous materials manager, Hapag-Lloyd Agencies, New York.**

continued

QUESTION OF THE MONTH

There's a time and a place for everything. And there's no doubt that private trucking can be a boon to certain businesses in certain circumstances. The question is, just what are those circumstances?

"Toto" authority and trip-leasing have whetted the appetites of many shippers who had always thought it might be nice to have tighter reign over their freight while in transit. But at the same time, competition among for-hire carriers has brought price cuts and new service options that make them drool, too.

The decision to go private is essentially a financial one. If the private fleet cannot pull its own weight, it will be very hard to justify its existence to upper management. But in the gray area where the disparity between the costs associated with a private fleet and the rates of common carriers is small, other factors, such as service, can make the difference.

Where do we stand now? Do increased common carrier abilities offset new private carriage opportunities? When, and for whom?

On the Dialogue card below, let us know how private carriage stacks up against for-hire trucking for your company's distribution operations.

DIALOGUE

Deregulation has made private carriage (more/less) attractive (circle one).

A continued resurgence of the economy will make private carriage (more/less) attractive in relation to for-hire trucking (circle one).

Rank the most important benefits of private trucking from 1 (highest) to 5 (lowest): _____Customer relations; _____Quality of service; _____Cost/profitability of service; _____Marketing tool; _____Specialization of equipment.

The greatest difficulty in operating a private fleet is (check one only): _____Labor/union negotiations; _____High initial investment; _____Terminal maintenance; _____Vehicle repair/maintenance; _____Hiring.

The most pronounced difference between for-hire and private is in the area of: _____Quality of equipment; _____Quality of driver; _____Cost; _____Dependability; _____Incidence of loss/damage.

I (will/will not) take advantage of the ability to trip-lease private fleet equipment and drivers to for-hire carriers (circle one).

Private carriage is **not** justified when:

_____

_____

_____

_____

_____

OPTIONAL:

_____

NAME (print) _____ TITLE _____

COMPANY _____ PHONE _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

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"The movement is progressing, but not quickly enough."—**Richard Ditrich, corporate traffic manager, Dezurik Co., Sartell, Mich.**

"Routing hazardous materials through populated areas instead of using interstates is wrong. CFR 49 is most confusing, especially with regard to radioactive materials."—**Richard J. Middlebrook, traffic supervisor, Nuclear Metals Inc., Concord, Mass.**

"The movement of hazardous materials in this country is, by far, adequately regulated. It's the enforcement of and training in hazardous materials regulations that I have great concern with at all levels–federal, state and local."—**William Granville, transportation analyst, FMC Corp., Philadelphia.**

"Considering the complexity of the issue, the overall regulation offers protection of the public good."—**E.J. Zell, supervisor of traffic, Solar Turbines Inc., San Diego.**

"Companies dealing in quantities are professionals. The danger comes from shippers that have small, infrequent movements."—**H. Nicholls, traffic manager, R.R. Donnelley, Warsaw, Ind.**

"We need less government regulation on one hand and more responsible people running companies who care what happens with this waste."—**John Slekis, buyer, Jet Spray Corp., Norwood, Mass.**

"I think the overall regulation could and should be improved by stricter enforcement and stronger penalties for violators."—**Vick Channel, distribution center manager, Safelite Div., Enfield, N.C.**

"There's been nothing 'new' in the past ten years, and there's less enforcement today."—**Bill Little, director–purchasing, Universal Resources Corp., Dallas.**

HAZARDOUS MATERIALS

The best proposal separates federal/state/local responsibilities	39%
National standard and training of local enforcers would be best	29%
A committee couldn't resolve national regulatory issues	61%
The DOT should adopt UN standards for Haz Mat packaging	41%
The DOT should partially adopt those standards	41%
My views are heard and responded to by regulators	46%
My views are not heard and responded to	46%
In the past year, enforcement has been unchanged	54%
Enforcement has been tougher	27%
I have never violated hazardous materials regulations	68%
I have violated the regulations	20%

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STATE TAXES AND HIGHWAY REGULATIONS

There are three sure signs of spring: tulips, robins and our annual roundup of state taxes and motor vehicle fees. This year we've not only updated the numbers, but also the key questions that are addressed by our survey.

This latest roundup of state taxes and highway vehicle regulations and fees differs in several ways from last spring's first installment. This is due in part to the discontinuation and lack of availability of reports containing the statistics that went into that first summary; but primarily, it's a result of the displacement of some of last year's stats to allow greater emphasis on regulations not covered in depth in the first chart.

Principle among these are the statistics relating to reciprocal taxing and third-structure taxes imposed on traffic between certain states, and the degree to which states have either spurned or indulged in their ability to tax corporations. This year's update also includes size and weight restriction information. Such information is of vital importance to the transportation manager, and a rundown of the policies of all of the contiguous states is necessary to get a full picture of what distribution costs and limitations will be, because regulations enforced in a neighboring state could have even more of an impact than those in your own home state. For example, for a shipment originating in New England and destined for the Midwest, it will be difficult to avoid routing it through Pennsylvania. Thus, the rules and regulations within that state become a prime concern to *all* shippers coming out of, or going into, the Northeast.

In recent years, the regulation and deregulation of highway transportation within each state as well as on a federal level has become a growing concern to the interstate shipper. The intricacies and ever-changing nature of these developments make the trends impossible to integrate into a chart such as this. Nevertheless, to neglect a careful look at this important subject would be to leave an incomplete picture of how the states have an impact on the fate of your transportation dollar. This will be done in an upcoming issue, in a feature-length article, which will complete this year's look at state taxes.

Finally, it should be noted that the nature of the subject makes a completely up-to-date survey impossible. Most of the studies conducted by government agencies and independent groups alike are superceded by new developments even before the results are collated. These figures are intended to provide a basis for comparison between the states, not as a handbook on current costs.

continued

	Average hourly manufacturing wage[1]	State corporate income tax efforts and capacities[2]	Motor vehicle registration tax effort index[3]	General state tax performance[4]	Motor fuel tax levels[5]	Reciprocity agreements[6]	Third structure taxes[7]	Single units basis of fee
ALABAMA	7.74 41.6	44.65 71.3 -75.8	45.6	91 114	11.00 12.00 +*	MRA IRP		Gross weight groups
ARIZONA	8.99 42.1	46.08 73.6 -2.2	86.2	106 95	12.00 12.00 1¢	IRP UPA		Flat fee + gross weight
ARKANSAS	7.24 40.7	47.93 76.5 -29.4	106.6	79 101	9.50 10.50	IRP		Gross weight groups
CALIFORNIA	9.36 41.1	66.77 101.8 1188.2	74.6	100 86	9.00 9.00 +*	UPA		Flat fee + weight fee
COLORADO	9.21 41.3	73.44 117.3 -114.2	69.3	84 88	12.00 13.00 D+	IRP UPA	Primary	Empty weight
CONNECTICUT	9.04 42.5	67.49 107.8 37.2	129.5	103 100	14.00 14.00 +			Gross weight
DELAWARE	9.23 42.3	90.66 143.8 -21.0	166.2	87 108	11.00 11.00 +			Gross weight
FLORIDA	7.44 42.4	44.76 71.5 -53.3	97.2	73 100	9.70 9.70 *	MRA		Flat fee + empty weight
GEORGIA	7.30 42.3	50.03 79.9 -26.6	34.1	79 109	7.50 7.50 +*	MRA		Gross weight
IDAHO	9.14 37.5	45.33 72.4 7.4	103.6	87 97	14.50 14.50	IRP UPA	Limited	Gross weight groups
ILLINOIS	9.98 41.9	67.03 107.0 66.7	162.0	105 108	11.00 13.50 1¢*	IRP UPA		Flat fee + gross weight
INDIANA	10.37 42.5	60.37 96.4 -175.2	74.3	88 106	11.10 11.10 D+*	MRA		Factory price groups

[1]The first figure indicates average wage in dollars/hour. The second figure represents average total of hours worked by production workers per week. Source: Bureau of Labor Statistics.

[2]This column profiles the "tax capacity" of each state for levying corporate income taxes. This measures the level of economic resources in a state, that are potentially taxable, whether or not they are actually taxed. The first figure is the tax capacity per capita, in dollars. The second number is a "tax effort index," which is the ratio of a state's actual collections to its tax capacity. The third figure represents the difference between the actual corporate income tax revenues, and the relative state tax capacity, in millions of dollars. These figures are all based on the calculation of what each state would raise if it applied a nationally uniform set of rates, and indicate magnitude of the local burden of taxation and the direction of pressure for future tax rate adjustments. Thus a low tax effort indicates less burdensome tax policies, but a potential for future increases. Source: Congressional Information Service.

[3]This number is the tax effort index of the states for vehicle licensing and registration taxes.

[4]This column indicates the state's overall taxation "blood pressure." This is a measure of the tax effort as a percentage of the national average tax rate, and the trends in tax levels since the base year of 1977. Thus, 112/80 indicates a tax burden 112% of the average tax effort, and a decline in tax effort of 20% since 1977. This figure provides a means of predicting the future course of a state's tax policy.

[5]These figures represent the state taxes on the use of gasoline and diesel fuel respectively, in cents per gallon. A plus or minus in the final line indicates a strong likelihood of an increase or decrease, respectively, in the tax levels during the 1984 legislative year. A monetary figure (either 1¢ or 2¢) indicates an authorized tax increase to take effect during 1984. Asterisks indicate that local and/or other sales or miscellaneous taxes are also levied, in addition to the rates listed. Source: Highway Users Federation.

[6]This column identifies the states that adhere to the various major reciprocal taxing agreements. The abreviations used are: MRA, Multistate Reciprocal agreement; IRP, International Registration Plan; and UPA Uniform Proration Agreement. Source: Chilton's Commercial Carrier Journal's "Rules & Regulations."

VEHICLE REGISTRATION[8] Tractor/trailer combination: basis of fee: tractor	trailer	Average state and federal user fee paid/truck ($)[9]	Highway vehicle size limits[10]	Highway vehicle weight limits[11]	State corporate income tax rate (%)[12]	State inventory tax methods[13]	Worker profile[14]	
Gross weight	Flat fee	293.86	13'6" 96" 60'	80 (−)	5.00	exempt	334.6 71.1	ALABAMA
Flat fee + gross weight	Flat fee + gross value	298.48	13'6" 96" 65'	80	2.50 10.50 7	exempt	157.6 57.1	ARIZONA
Gross weight of combination	Flat fee	292.05	13'6" 102" 60'	73.2	1.00 6.00 5	avg. value	205.9 44.0	ARKANSAS
Flat fee + weight fee	Flat fee + unladen weight	286.92 (+)	13'6" 96" 60'	80	9.60	exempt	1,918.6 543.3	CALIFORNIA
Empty weight	Flat fee	235.77 (+)	13'0" 96" 70'	80	5.00	lower rate	183.8 85.4	COLORADO
Gross weight of combination	Flat fee	428.35	13'6" 102" 60'	80	10.00	exempt	411.8 61.7	CONNECTICUT
Gross weight	Gross weight	341.09	13'6" 96" 60'	80 (−)	8.70	no tax	68.1 11.3	DELAWARE
Gross weight of combination	Flat fee	245.61	13'6" 96" 55'	80	5.00	exempt	494.3 234.7	FLORIDA
Gross weight	Flat fee	246.20	13'6" 96" 60' (±)	80 (±)	6.00	as other property	515.0 149.4	GEORGIA
Gross weight of combination	Flat fee	253.50	14'0" 102" 65'	80	6.50	exempt	50.5 18.7	IDAHO
Flat fee + gross weight	No fee	340.69	13'6" 96" 60'	73.2	6.50	no tax	988.8 267.3	ILLINOIS
Gross weight of combination	Flat fee	289.75 (+)	13'6" 96" 60'	80 (−)	6.00	avg. value	582.4 102.4	INDIANA

[7]Third structure taxes are generally of two kinds; a primary weight distance tax imposed against out-of-state vehicles, and secondary taxes, established mainly in retaliation against states imposing a primary weight distance tax. Source: Commercial Carrier Journal.

[8]This series of columns lists the bases of fees for the registration of motor vehicles in the various states. The primary factors or variables which determine the cost of vehicle registrations are identified; in some states additional miscellaneous fees such as license plate and reflector fees are added. Source: Federal Highway Administration.

[9]Source: Highway Users Federation.

[10]Figures represent maximum vehicle height, width, and length for a semi-trailer. Other trailers or combinations are restricted by different length limits. A plus or minus indicates a possible increase or decrease in size limits. Sources: Commercial Carrier Journal and Highway Users Federation.

[11]Weight is in thousands of pounds. A plus or minus indicates nature of possible changes in limits during 1984. Sources: Commercial Carrier Journal and Highway Users Federation.

[12]Where more than one number is indicated, the first is a minimum rate, the second is a maximum rate, and the third is the number of incremental rates in total, based usually on revenue groupings. Source: Political Research, Inc.

[13]This column describes the general basis of assessing property taxes on inventories. The entries indicate whether: inventories are exempt from property taxes; inventory taxes are higher, lower or the same as taxes on other property; or if inventories are taxed on an average value basis. These descriptions indicate the general intent of state tax laws. Some states also exempt certain commodities or types of businesses from these taxes. Source: Commerce Clearance House.

[14]The initial figure represents the size of the manufacturing labor force, in thousands. The second indicates the size of the for-hire transportation labor pool available to serve the manufacturing businesses. Source: Bureau of Labor Statistics.

	Average hourly manufacturing wage[1]	State corporate income tax efforts and capacities[2]	Motor vehicle registration tax effort index[3]	General state tax performance[4]	Motor fuel tax levels[5]	Reciprocity agreements[6]	Third structure taxes[7]	Single unit: basis of fee
IOWA	10.17 40.3	56.07 89.5 -26.7	166.5	98 108	13.00 15.50 +	IRP UPA		Gross weight groups
KANSAS	9.54 39.9	66.88 106.8 -9.0	89.3	87 98	11.00 13.00	IRP UPA		Gross weight groups
KENTUCKY	9.19 39.9	54.80 87.5 -45.9	55.0	88 105	10.00 10.00 D+	MRA IRP		Gross weight groups
LOUISIANA	9.83 40.1	96.81 153.6 -147.7	54.4	77 97	8.00 8.00 +	MRA IRP		Gross weight per mile
MAINE	7.78 40.4	44.38 70.9 -11.1	116.3	113 112	14.00 14.00 D+			Gross weight groups
MARYLAND	9.17 41.5	47.29 75.5 -45.3	87.6	107 101	13.50 13.50	MRA		Chassis weight groups
MASSACHUSETTS	8.22 41.3	59.71 95.4 191.3	67.4	134 101	11.00 11.00			Gross weight
MICHIGAN	12.02 43.7	59.91 95.7 392.4	105.4	116 106	15.00 15.00 *	MRA		Gross weight groups
MINNESOTA	9.77 40.3	61.28 97.8 80.9	124.0	109 97	17.00 17.00 +	IRP UPA	Limited	Gross weight & age groups
MISSISSIPPI	6.98 41.5	44.96 71.8 -50.0	51.8	95 101	9.00 10.00 +*	MRA IRP		Gross weight
MISSOURI	9.11 41.0	53.73 85.3 -173.2	92.7	81 101	7.00 7.00 +	MRA IRP		Gross weight groups
MONTANA	10.64 39.4	59.63 95.2 5.6	93.0	92 98	15.00 17.00	IRP UPA		Flat fee + gross weight
NEBRASKA	8.81 41.0	51.26 81.9 -26.7	104.0	95 96	15.40 15.40 +	IRP UPA	Limited	Gross weight
NEVADA	8.96 40.5	53.79 85.9 -45.5	95.0	62 99	12.00 12.00 *	UPA	Primary	Empty weight
NEW HAMPSHIRE	7.68 41.3	55.87 89.2 5.0	90.4	74 101	14.00 14.00			Gross weight
NEW JERSEY	9.42 41.7	69.19 110.5 62.7	176.9	112 99	8.00 8.00 +	MRA		Gross weight
NEW MEXICO	7.76 40.3	59.40 94.9 -25.4	82.4	89 115	11.00 11.00 +	UPA	Primary	Gross weight groups
NEW YORK	9.10 40.3	61.28 97.9 1425.5	133.2	171 101	8.00 10.00 +*		Primary	Gross weight

VEHICLE REGISTRATION[9] Tractor/trailer combination: basis of fee: tractor	trailer	Average state and federal user fees paid/truck ($)[9]	Highway vehicle size limits[10]	Highway vehicle weight limits[11]	State corporate income tax rate (%)[12]	State inventory tax methods[13]	Worker profile[14]	
Gross weight of combination	Flat fee	320.98 (+)	13'6" 96" 60' (−)	80 (+)	6.00 10.00 3	avg. value	205.9 49.7	IOWA
Gross weight of combination	Gross weight groups	260.52	13'6" 96" 65'	80	4.50	avg. value	164.0 65.7	KANSAS
Gross weight of combination	Flat fee	297.16 (+)	13'6" 96" 60'	80	3.00 6.00 4	as other property	253.0 64.0	KENTUCKY
Gross weight per axle	Flat fee	271.11 (+)	13'6" 96" 65'	83.4	4.00 8.00 5	avg. value	190.3 122.0	LOUISIANA
Gross weight of combination	Flat fee	305.22	13'6" 102" 60'	80	4.95 6.93 2	exempt	106.3 17.8	MAINE
Gross weight of combination	Flat fee	406.10	13'6" 96" 55' (+)	79 (+)	7.00	avg. value	209.3 89.1	MARYLAND
Gross weight of combination	Flat fee	318.55	13'6" 96" 60' (+)	80 (+)	9.50	exempt	638.7 118.5	MASSACHUSETTS
Gross weight of combination	Empty weight	311.50	13'6" 96" 60'	80 (+)	2.35	exempt	932.8 136.5	MICHIGAN
Gross weight of combination	Flat fee	275.06 (+)	13'6" 96" 60' (−)	80 (−)	12.00	exempt	342.0 95.1	MINNESOTA
Gross weight of combination	Flat fee	334.38 (+)	13'6" 96" 60'	80	3.00 4.00 2	exempt	207.5 38.6	MISSISSIPPI
Gross weight of combination	Flat fee	252.07 (+)	13'6" 96" 55'	73.2	5.00	exempt	415.2 126.6	MISSOURI
Flat fee + gross weight	Flat fee + gross weight	251.31	13'6" 102" 65'	80	6.75	exempt	20.3 20.0	MONTANA
Gross weight of combination	Flat fee	310.09 (+)	14'6" 96" 65'	86.5	3.75 4.13 2	exempt	84.4 42.4	NEBRASKA
Empty weight	Empty weight	350.17	14'0" 96" 70'	80		exempt	18.9 24.4	NEVADA
Gross weight of combination	No fee	319.77	13'6" 96" 60'	80	9.08	exempt	116.7 15.1	NEW HAMPSHIRE
Gross weight of combination	Flat fee	449.68	13'6" 96" 55' (−)	80	9.00	exempt	714.6 200.4	NEW JERSEY
Gross weight of combination	Flat fee	333.79 (+)	13'6" 96" 65'	86.4 (+)	4.00 6.00 3	exempt	34.2 29.2	NEW MEXICO
Gross weight of combination	Flat fee	324.56	13'6" 96" 60' (+)	80 (−)	10.00	no tax	1,315.6 413.4	NEW YORK

	Average hourly manufacturing wage[1]	State corporate income tax efforts and capacities[2]	Motor vehicle registration tax effort index[3]	General state tax performance[4]	Motor fuel tax levels[5]	Reciprocity agreements[6]	Third structure taxes[7]	Single unit: basis of fee
NORTH CAROLINA	6.83 40.9	58.31 93.1 -67.2	80.3	95 108	12.25 12.25 +	MRA IRP		Gross weight
NORTH DAKOTA	7.84 38.5	67.99 108.6 -3.7	90.6	74 84	13.00 13.00	IRP UPA		Gross weight & age groups
OHIO	10.83 42.7	64.20 102.5 -201.5	138.2	89 112	12.00 12.00		Primary	Empty weight
OKLAHOMA	9.51 41.1	105.01 167.7 -196.8	123.3	73 100	6.58 6.50 +	IRP		Gross weight & age
OREGON	10.31 39.4	52.54 83.9 16.2	137.0	101 109	9.00 9.00	IRP UPA	Primary	Gross weight groups
PENNSYLVANIA	9.23 40.2	62.42 99.7 81.0	135.8	105 111	12.00 12.00 +*	IRP		Gross weight
RHODE ISLAND	7.04 40.6	50.56 80.7 2.2	96.9	130 114	13.00 13.00 *			Gross weight groups
SOUTH CAROLINA	7.19 41.8	47.96 76.6 0.7	51.2	95 110	13.00 13.00	MRA		Gross weight groups
SOUTH DAKOTA	7.08 42.6	39.82 63.6 -23.6	97.7	93 107	13.00 13.00 +*	IRP UPA	Limited	Weight groups & age
TENNESSEE	7.62 41.1	49.14 78.5 -31.8	94.4	87 105	10.00 13.00 S+*	MRA IRP		Gross weight groups
TEXAS	8.94 41.8	102.41 163.5 -1512.2	83.7	65 94	5.00 6.50	IRP		Gross weight groups
UTAH	8.81 40.6	50.52 80.7 -36.0	47.5	97 106	11.00 11.00 +	IRP UPA		Gross weight groups
VERMONT	7.85 41.4	45.97 73.4 -0.8	171.2	105 101	13.00 14.00 +			Gross weight groups
VIRGINIA	7.89 40.5	52.22 83.4 -101.2	116.8	90 102	13.74 13.74 *	MRA IRP		Flat fee + gross weight
WASHINGTON	11.64 38.9	51.23 81.8 -216.0	69.7	92 98	16.00 16.00 2¢	UPA		Flat fee + gross weight
WEST VIRGINIA	9.80 40.8	52.91 84.5 -71.2	99.4	83 103	15.35 15.35	MRA		Gross weight groups
WISCONSIN	10.14 41.8	57.27 91.5 -15.9	113.8	120 105	15.00 15.00 1¢	IRP		Gross weight groups
WYOMING	8.71 38.2	140.80 224.8 -69.2	162.0	73 88	8.50	IRP UPA	Primary	Gross weight groups

VEHICLE REGISTRATION[8] Tractor/trailer combination: basis of fee: tractor	trailer	Average state and federal user fees paid/truck ($)[9]	Highway vehicle size limits[10]	Highway vehicle weight limits[11]	State corporate income tax rate (%)[12]	State inventory tax methods[13]	Worker profile[14]	
Gross weight of combination	Flat fee	291.67	13'6" 96" 55' (+)	79.8	6.00	lower rate	801.5 115.4	NORTH CAROLINA
Gross weight of combination	Flat fee	199.25	13'6" 102" 75'	80	2.00 7.00 6	exempt	15.1 16.6	NORTH DAKOTA
Empty weight	Empty weight	352.03 (+)	13'6" 96" 60' (+)	80	4.60 8.70 2	higher rate	1,115.6 203.6	OHIO
Gross weight groups & age	Flat fee	222.75 (+)	13'6" 96" 65'	85.5	4.00	avg. value	173.1 70.6	OKLAHOMA
Gross weight groups & age	Gross weight groups	303.61	14'0" 96" 60'	80	7.50	exempt	185.5 56.7	OREGON
Gross weight of combination	Weight under 10,000 lbs, else flat fee	496.03	13'6" 96" 60'	80	10.50	no tax	1,118.6 244.7	PENNSYLVANIA
Gross weight of combination	Flat fee	300.51	13'6" 102" 60'	80	8.00	exempt	119.9 13.3	RHODE ISLAND
Gross vehicle weight	Flat fee	320.23 (+)	13'6" 96" 60'	80 (+)	6.00	exempt	361.1 54.1	SOUTH CAROLINA
Empty weight & age	Empty weight & age	246.37 (+)	13'6" 96" 80' (−)	80 (−)		as other property	26.5 12.5	SOUTH DAKOTA
Gross weight of combination	Flat fee	326.31 (+)	13'6" 96" 60'	80	6.00	exempt	482.5 80.7	TENNESSEE
Gross weight of combination	Flat fee	334.16	13'6" 96" 65'	80		as other property	1,016.1 337.9	TEXAS
Gross weight groups	Flat fee	247.92	14'0" 96" 65'	80	4.00	exempt	87.7 35.6	UTAH
Gross weight of combination	Flat fee	453.50	13'6" 102" 60'	80	5.00 7.50 4	exempt	48.8 8.8	VERMONT
Flat fee + gross weight of combination	Flat fee	421.70	13'6" 96" 60' (+)	79.8	6.00	as other property	408.8 116.8	VIRGINIA
Flat fee + gross weight	Flat fee + gross weight	309.35	14'0" 96" 65'	80		as other property	273.8 88.8	WASHINGTON
Gross weight of combination	Flat fee	228.19 (+)	12'6" 96" 55'	80	6.00	as other property	93.2 40.1	WEST VIRGINIA
Gross weight of combination	Flat fee	391.34	13'6" 96" 60'	80	7.90	exempt	493.5 86.3	WISCONSIN
Empty weight groups	Empty weight groups	393.81	14'0" 96" 85'	80		exempt	9.2 16.1	WYOMING

C215C-1A

Chilton's
MAY 1984

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FOR TRAFFIC & TRANSPORTATION DECISION MAKERS

REGIONAL AIRLINES

RARING TO GO

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HAS LABOR SEEN ITS DAY?
SO IT'S TIME TO BUILD A NEW WAREHOUSE...
ELECTRONICS GO FULL CIRCUIT

Chilton's
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VOL.83, NO.4 MAY 1984
ESTABLISHED 1901

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12 REGIONAL AIRLINES ARE RARING TO GO
What you want is what you get when you ship by these carriers who are making a living out of providing shippers with services that the big guys can't. And their continued good health through the recent recession indicates they have carved out a welcomed niche in the air transport market.

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DIALOGUE

It was muddled by an editorial snafu, but we really did want your thoughts on the changing face of transportation labor, not a rerun of your thoughts on hazardous materials, on the February "Dialogue" card.

Any time we ask about labor, we can still count its clout by the number of people who ask not to be identified. By this measure, it's clear that transportation unions are still alive and kicking. As you will see, there were quite a few unsigned cards. All of which goes to point out that, despite calls for cooperation in negotiations this year, labor and management are still in an adversary relationship, or at least are refusing to let down their gaurd entirely.

There were a good number of signed cards, too. Which may indicate that labor's face isn't as fearsome as it used to be. Here's what some of our readers, who were not thrown off the track by our miscue, had to say about the shape of organized labor:

"My union carriers must get relief or be out of business!!! I need them and I wonder if they can negotiate their survival."**—Unsigned.**

"We are finding ourselves more vulnerable and unprepared than ever."**—Unsigned.**

"We have a proposal before the Teamsters to pull our private fleet drivers from the Master Agreement and replace it with a 'White Paper' agreement that better fits our needs."**—George S. Kastner, Stone Container Corp., Melvindale, Mich.**

"I agree that service industries will have more organized labor and fewer truckers will belong."**—Unsigned.**

"Organized labor has become bureaucratic, demagogic, self-centered and has done nothing to further industry. Therefore, everyone will be affected by the changes."**—Fred Wilson, director of transportation, Farmers Grain Cooperative, Ogden, Ut.**

"At the present time we are affected favorably as unions are forced to give concessions to transportation management. As the economy picks up, though, the shoe might be on the other foot."**—R.J. Marshall, traffic manager, Duraco Products Inc., Streamwood, Ill.**

"I see improvements in overall service levels and productivity with weakened unions."**—E. Melin, traffic administrator, Wang Labs Inc., Tewksbury, Mass.**

"As the transportation industry continues to compete for shipper dol-

continued

QUESTION OF THE MONTH

First there was traffic, which grew into transportation, which grew into physical distribution, which grew into logistics, which is *supposed* to include both outbound p.d. *and* inbound materials management. But too many companies continue to ignore the inbound half of the logistics equation. Either they have yet to acheive a meld between purchasing and distribution, or they allow vendors to control routing of inbound freight, or because they have been so customer- and outbound-oriented they have overlooked inbound.

But now with increased emphasis on just-in-time production, and on reducing costs throughout the entire production process, significant reductions in raw material stocks and costs are being seen in inbound traffic management. This can involve taking the responsibility for carrier selection and rate negotiations away from the vendors and purchasing and giving it to special transportation managers within purchasing, to inbound specialists within distribution or traffic, or using forwarders who specialize in inbound freight management.

On the card at the bottom of the page, tell us what your company has experienced and what methods your using or considering to bring inbound traffic under control.

DIALOGUE

- Who is in charge of inbound transportation matters at your company? ____Transportation specialist within purchasing ____Inbound specialist within transportation or distribution ____Special "hybrid" of purchasing/transportation ____Nobody is assigned specifically to inbound duties
- Modal and carrier selection for inbound freight is usually handled by: ____Vendor ____Purchasing ____Transportation ____ Vendor's forwarder ____Our forwarder
- How much inbound freight is shipped to your company on a "freight collect" or a "prepaid and add" basis? ____% Freight collect ____% Prepaid and add
- Have you seen significant reductions of raw materials costs in the cases where you have assumed control of inbound rating and routing from vendors? ____Yes ____% Reduction ____No
- Have you passed savings on to your customers in the form of reduced finished product costs? ____Yes ____No

Has your company instituted any sort of a just-in-time program? ____Yes ____No ____Considering it

Do you consolidate inbound traffic? ____Yes ____No

When sourcing raw materials, how important a factor is inbound transportation costs? ____Very important ____Somewhat important ____Not very important

Currently, our biggest challenge/problem with regard to inbound freight management is:

_____

_____

_____

_____

_____

OPTIONAL:

_____

NAME (print) _____ TITLE _____

COMPANY _____ PHONE _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

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lars, I see transportation rates stabilizing and increases becoming less frequent and in smaller amounts. I also project union members giving in on wages and benefits for additional job security."**—Dennis Weber, Interstate Brick Co., West Jordan, Ut.**

"In my opinion, labor has had its way too long. It has been management's fault. They have given in to labor demands because they could pass on labor increases through rate increases. That has changed. Now competition has forced the carriers that were not well managed out of business."**—Louis A. Paulson, principal, Professional Distribution Consultants, Dix Hills, N.Y.**

"The unions will try to recruit white-collar workers to replace their members lost to trucking company failures and layoffs."**—J.R. Johnson, traffic manager, Wieboldts, Des Plaines, Ill.**

"The teamster carriers are going to have a very difficult time competing with low-cost, non-union truckers."**—Unsigned.**

"As organized labor decreases, our flexibility increases."**—Tony DiFranco, terminal manager, Kenosha Auto Transport.**

"Better service—lower rates—increased productivity."**—Unsigned.**

"I could possibly lose my job because of loss of business, or possibly be asked to join the union."**—C.B. Hall, dispatcher, System 99, Bell Garden, Calif.**

"Union organizations, including the transportation related unions, are seeing their last days of heavy power. The recent court ruling on company bankruptcies and contractual obligations is a clear signal to organized labor.**—Unsigned.**

"We do not have a union, and have no use for one!"—**Unsigned**.

LABOR'S FACE

We will not be negotiating with labor this year.....73%
We will be.....27%
We are less concerned with labor demands since deregulation....67%
Wage and benefit concessions are the greatest labor concern....41%
Job security is labor's greatest concern.....35%
Wages are the biggest concern.....12%
The outlook is bleakest for the Teamsters.....45%
It's bleakest for independent truckers.....27%
Bleakest for airline workers.....18%
For longshoremen and rail workers.....6%
I'm not prepared for white-collar transportation unions.....45%
I am prepared.....18%
I don't know.....29%
Union activity won't shift to the traffic department.....47%
It will shift in that direction.....47%

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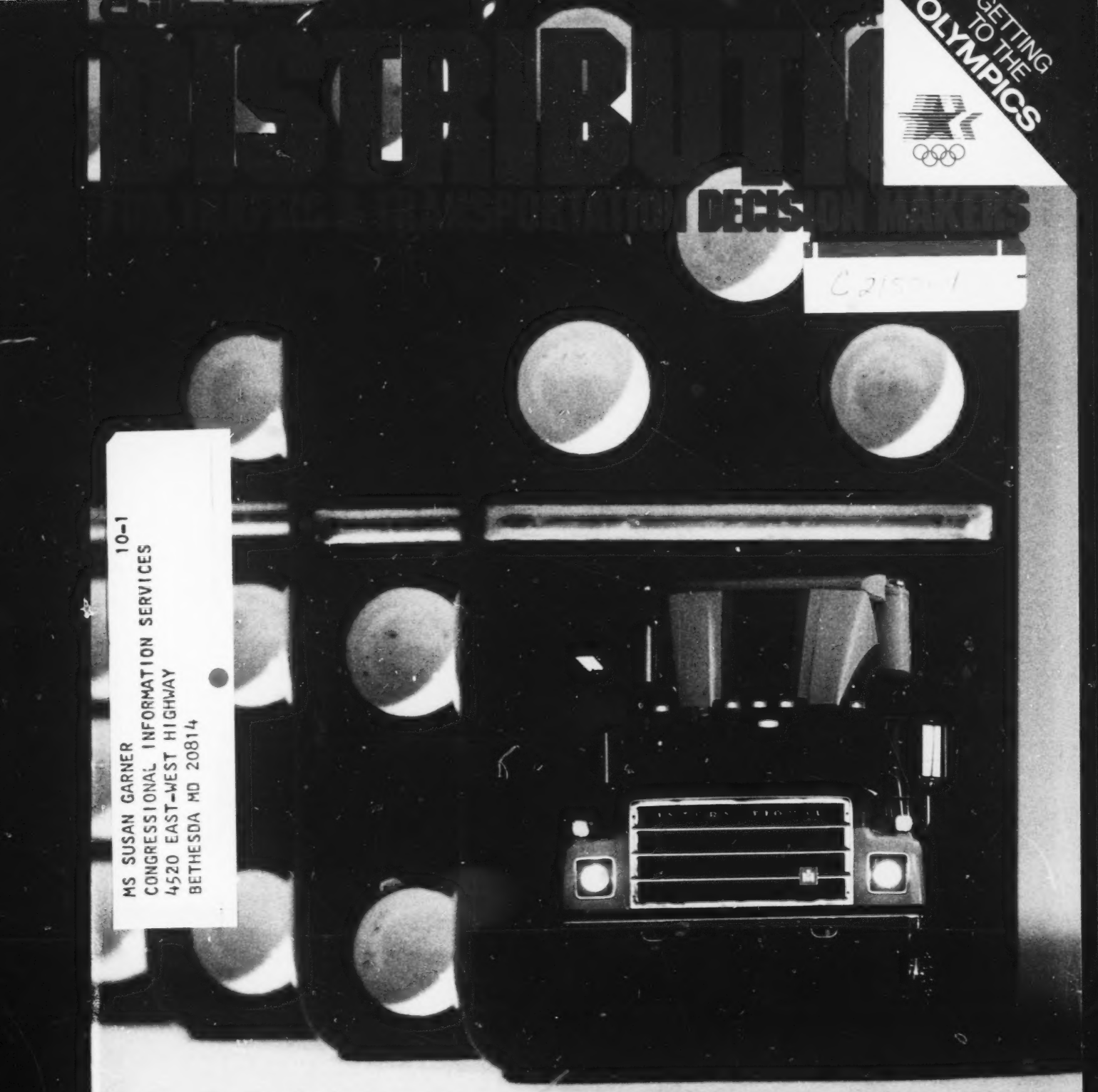

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LEASING'S DOMINO EFFECT
IT GOES STRAIGHT TO YOUR BOTTOM LINE

MOTOR CARRIERS' '83 FINANCIAL REPORT
THE EXPERTS LOOK AT SECURITY
THIRD QUARTER FORECAST

Chilton's
DISTRIBUTION
ESTABLISHED 1901

VOL.83, NO.6 JUNE 1984

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Leasing is here to stay, so distribution managers must learn a new skill: how to analyze the ripples it creates in a corporate asset pool.

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Certainly not P-O-L-I-C-E. Instead, it can only be put together through cooperation among shippers, carriers and the law.

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You're playing with fire if you think the bill of lading is no longer a burning issue.

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DIALOGUE

In March, we asked readers to tell us how the deregulated era had changed their operations with respect to filing, and resolving, loss-and-damage claims for their shipments. Here's a sampling of their current claims about what their biggest problems are now:

"My biggest problem is railroad attitudes on claims, reduction of filing time limits filing, delays in making inspections and poor paperwork."—**H.M. Karel, director of distribution, Cleo Wrap Corp., Memphis.**

"As a general rule, carriers are taking an additional 30 days to settle claims, and then only after considerable follow-up by my people. Deregulation and the recession have made this a cash flow tool for carriers."—**James J. Paule, traffic manager, Spangler Candy Co., Bryan, Oh.**

"Loss and damage claims are now requiring more time and attention. Deregulation causes shippers to handle claims on a carrier-by-carrier basis rather than as a standard industry procedure."—**Ken Hanrath, traffic manager, G.D. Baking Co. Inc., Chicago.**

"My biggest liability problem is carriers' reaction time to a claim. Their freight reps lack full training in shipper/consignee service. They are pumped up with sales optimism and rate discounts, but many can't handle claims."—**R.L. Sohn, industrial traffic manager, The Fixible Corp., Delaware, Oh.**

"Some carriers use ICC regulations for billing time (7 days) but, to get a refund, they take 30 days and more."—**Jerry Bartels, traffic manager, Crosby Co., Buffalo, N.Y.**

"Through careful carrier selection and adequate preparation of shipments, our liability and claims are practically nil."—**Jack Grunden, purchasing manager, Certified Brakes, Danville, Ky.**

"The response time is much greater since deregulation. Before 1980, a carrier usually responded in 30 days; now it's 60 to 90 days, if at all."—**William D. Epley, traffic manager, Associated Mills Inc., Chicago.**

"We ship approximately 150,000 cartons per month. All are relatively small. LTL carriers have problems keeping the order whole as the shipments move through breakbulks. Fortunately, they always seem to turn up and get delivered."—**R.J. Marshall, traffic manager, Duraco Products Inc., Streamwood, Ill.**

"My biggest problem is shipments which move via an association or cooperative at the origin point and for which I have no contact at my end. These claims take much longer to resolve and require at least one letter

continued

QUESTION OF THE MONTH

You probably need another export pep talk like you need a wet basement, right? Government officials, carriers, port representatives, chamber of commerce-types, and, yes, publications like this one keep trying to get you revved up on all that great market potential across the water, and all you can do is shrug and say, sorry, it's not for us.

And you've got a lot of company when you react that way. Despite all the surging growth in export evangelism in recent years, actual export activity has, by and large, remained stagnant. The U.S. trade imbalance has regained some equilibrium in recent years, mainly because of reduced dependence on imported oil. But take a look strictly from a standpoint of export sales of manufactured goods, and you'll see a picture that's not exactly action-packed.

So now we want to try to find out just what it is that keeps many of you from doing business away from the home front. Is your company simply not organized or resourced properly for international sales? Or are government controls and logistical snags to blame? Tell us what the problems are on the card below, and maybe in the process we'll either discover some solutions, or learn there are good reasons to give the pep talks a rest.

DIALOGUE

- The biggest internal problem at my company when it comes to international efforts is (check one only): ____lack of time to devote to international ____ lack of planning and coordination ____lack of expertise and training ____ lack of management support and commitment ____ lack of required financial resources ____ lack of marketing research

- The biggest external barrier to my company's international efforts is (check one only): ____ lack of overseas markets for our products ____ logistical snags when trying to distribute our products in foreign markets ____ U.S. government controls and regulations on exports and imports ____ other foreign governments' controls and regulations on export and imports

- My reaction to the idea of using an export trading company (ETC) as a way to market and distribute our products overseas is (check one only): ____ we don't know what ETCs can do for us ____ we would lose control over distribution, customer service, etc. ____ ETCs can't do anything we can't do as well ourselves ____ it's a good idea, and we should leave international distribution to ETCs

Here's what people who say my company should export more don't understand:

_____

_____

_____

_____

_____

OPTIONAL

NAME (print) _____ TITLE _____

COMPANY _____ PHONE _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

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ROBERT VIDRICK
Director of Corporate Transportation,
Robertshaw Controls Co.

to determine the status of the claim."**—Glen E. Schneider, transportation manager, Robinson's of Florida, St. Petersburg, Fla.**

"My biggest liability problem is attempts by carriers to circumvent strict liability standards imposed by common law, and attempts by carriers to limit liability by publishing full value rates 125 to 150 percent higher than rates in effect prior to deregulation."**—Michael G. Ferrise, traffic manager, Wakefern Food Corp., Elizabeth, N.J.**

"We are a large shipper using a small number of carriers. Our problem with claims are mostly on the rating of our bills, and not loss and damage."**—Tony Alvarado, director of traffic, Tomy Corp., Carson, Calif.**

"Getting carriers to handle each claim on its merits and investigate each on its own. Extracting claims payment from carriers is another problem; small claims are paid, but big claims????"**—B. Miles Forrester, traffic manager, Brown & Haley, Tacoma, Wash.**

"Railroads feel that exempt rates are limited liability rates. The standard liability deductibles or minimum claims amounts are a disincentive to loss-and-damage minimization, and they encourage pilferage."**—E.R. Brandt, transportation supervisor, JR Simplot Co., Boise, Id.**

"Carriers still play games, declining for capricious reasons, hoping they will never hear from you again."**—Lynne Brown, traffic manager, Bradley Corp., Meno Falls, Wis.**

"Contract carriers, in general, tend to either ignore Ex Parte 263, or are unaware of its existence."**—Steve Witt, manager, traffic and transportation, Cobe Laboratories, Lakewood, Colo.**

PLENTY TO DECLARE

Since dereg, no increase in problems with liability and claims	51%
Since dereg, more problems with liability and claims	44%
I've had more problems with LTL carriers	53%
More problems with TL carriers	16%
Carriers are less likely to follow Ex Parte 263	53%
Carriers still follow the regulations	44%
I've had most claims problems with motor carriers	58%
I've had most problems with railroads	14%
Varying air and forwarder claim limits cause problems for me	44%
They do not cause problems	47%
We have not entered liability-reducing rail contracts	65%
We are thinking about it, though	23%
We do have a floater policy to cover domestic risk	39%
We do not have such a policy	39%
Since dereg, we haven't increased coverage	47%

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1983 MOTOR CARRIER FINANCIAL PROFILE: THE GULF WIDENS, AND THE TABLES TURN

There are still as many have-nots as haves, but a capacity crunch may soon get every trucker healthy, at the shipper's expense.

By Kurt C. Hoffman, Contributing Editor

The chasm between those for-hire motor carriers destined to be survivors and their terminally ill counterparts deepened in 1983. A quick scan of the operating results recorded last year by the nation's top 100 trucking firms shows that while tonnage was up considerably from the disturbing 1982 levels, nearly a third of the top 100 failed to make any headway towards profitability. Most carriers who started the year on a losing note ended up even deeper in the wash. Other companies sparkled. Some observers now estimate that the 10 top motor carriers control over 50 percent of the nation's general freight.

"Generally speaking, the trucking industry had a good year in 1983," says William M. Legg, a financial analyst with Alex Brown & Sons of Baltimore. "The major carriers with strong balance sheets and proven management, like Roadway, Carolina Freight, Yellow Freight and Overnight, for example, for the most part had record years.

"At the same time," Legg notes, "carriers that had been struggling early in 1983 ended up with huge losses. If you look at the first quarter statistics, those companies that had been losing money coming into 1983 continued to lose, and their traffic base is down." Plotting carriers' return on equity used to produce a bell-shaped curve, Legg adds; now, it has become quite skewed.

Consequently, lending institutions see little hope for the consistently ailing carriers, and foreclosures are being accelerated.

So what should a shipper look for when evaluating new motor carrier service? How can a shipper tell if one or several of its existing carriers are slipping into the red? Several industry analysts offer some observations on these points.

Proper Legg Work

"If I were a shipper, the first step I'd take would be to read the carrier's income statement," Legg says. "If the economy is on the rise, I want to see a company with rising revenues. That means it's holding its market share. If a carrier is losing money in a rising economy, something's wrong."

Next on Legg's list is net income—before taxes. "People can do funny things with taxes," he notes. And he doesn't put much stock in operating ratios, noting that they don't reflect interest burdens.

Legg then checks a carrier's tax status to see if taxes are current or deferred. "Deferred is a good sign," he believes. "It means the company is not only making money, but also spending a lot on equipment."

Depreciation is another vital sign, the analyst believes. "I want to see depreciation on the rise," he says. "This means the company is increasing its commitment to increased plant and capacity."

Then it's on to the balance sheet, where current assets and liabilities should be 1:1 or better, and long-term debt should be less than the shareholders' equity. Property and equipment accounts should be rising, Legg adds.

A carrier's interest burden should be closely examined by shippers, another analyst believes. "The interest load is critical," this analyst says. "If you go back far enough, you can figure out when the carrier accumulated the bulk of its debt. If it borrowed heavily in 1980, 1981, and 1982, and it's sitting there with 18 percent loans, it's in trouble."

Points to Bank On

A slightly different perspective is offered by Laurence Pierce, vice president of the First Bank of Boston, a major financier of motor carrier operations. Pierce reports that